

**CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
MINUTES OF MEETING, Public Session**

April 10, 2008

Call To Order: Chairman Ross Johnson called the meeting to order at 10:00 a.m., at 428 J Street, Eighth Floor, Sacramento, California. Chairman Johnson, Commissioners Timothy A. Hodson, Gene Huguenin, Bob Leidigh and Ray Remy were present.

- 1. Public Comment.** This portion of the meeting is reserved for comment on items not on the agenda. Under the Bagley-Keene Open Meeting Act, the Commission cannot act on items raised during public comment, but may respond briefly to statements made or questions posed, request clarification, or refer the item to staff.

There was none.

Before moving on, Chairman Johnson advised that Agenda Item No. 2 was being removed from the proposed consent calendar for corrections by Commissioner Leidigh.

- 2. Approval of the March 13, 2008, Commission meeting minutes and the March 20, 2008, Commission special meeting minutes.**

Commissioner Leidigh requested corrections to both the March 13 and March 20, 2008, minutes. The correction to the March 13, 2008, minutes was at page 3, first sentence, to change the word "voting" to "participating."

The correction to the March 20, 2008, minutes was at page 3, paragraph 4, to read: "Commissioner Leidigh clarified for the record that his "no" vote was because he thought the Commission should not have deviated from past practices and should have gotten all the money, and it had nothing to do with the rest of the substance of the stipulation."

Moved by Commissioner Remy and seconded by Commissioner Leidigh to approve the March 13 and March 20, 2008, Commission meeting minutes, as corrected.

AYES: Commissioners Remy, Huguenin, Leidigh, Hodson, and Chairman Johnson.
The motion passed 5-0.

- 3. In the Matter of Lumber Association of California & Nevada Political Action Committee, and Jan E. Hansen, FPPC No. 06/182.** Staff: Staff Counsel IV Melodee A. Mathay and Investigator II Elaine Olmos-Flores. Respondent Lumber Association of California & Nevada Political Action Committee ("Committee") is a state general purpose committee sponsored by the Lumber Association of California & Nevada. At all relevant times, Respondent Jan E. Hansen was the treasurer of Respondent Committee. In this matter, Respondents failed to file a required pre-election campaign statement in October 2003, in violation of Government Code

Section 84200.3, subdivision (a)(3) (1 count). Respondents also made campaign expenditures of \$100 or more in cash during 2003 and 2004, in violation of Government Code 84300, subdivision (b) (3 counts).

Moved by Commissioner Remy and seconded by Commissioner Leidigh to approve a Stipulation, Decision and Order finding a violation of four counts and an \$8,500 monetary penalty.

AYES: Commissioners Remy, Huguenin, Leidigh, Hodson, and Chairman Johnson.
The motion passed 5-0.

- 4. In the Matter of Louise Gund, FPPC No. 07/047.** Staff: Staff Counsel IV Melodee A. Mathay and Political Reform Consultant Jeanette Turvill. In November 2005, Respondent Louise Gund, a resident of the City of Berkeley, failed to timely disclose a \$75,000 late contribution in a late contribution report in paper format, in violation of Government Code Section 84203, subdivision (a) (1 count), and in electronic format, in violation of Government Code Section 84605, subdivision (a) (1 count). Respondent also failed to timely file a semi-annual campaign statement in paper format for the reporting period January 1, 2005 through December 31, 2005, in violation of Section 84200, subdivision (b) (1 count).

Moved by Commissioner Remy and seconded by Commissioner Leidigh to approve a Stipulation, Decision and Order finding a violation of three counts and an \$8,500 monetary penalty.

AYES: Commissioners Remy, Huguenin, Leidigh, Hodson, and Chairman Johnson.
The motion passed 5-0.

- 5. In the Matter of Michael Chang No. 08/026.** Staff: Political Reform Consultant Jeanette Turvill. Michael Chang, California Earthquake Authority member, failed to timely file a 2006 annual statement of economic interests in violation of Section 87300 of the Government Code (1 count).

Moved by Commissioner Remy and seconded by Commissioner Leidigh to approve a Stipulation, Decision and Order finding a violation of one count and a \$200 monetary penalty.

AYES: Commissioners Remy, Huguenin, Leidigh, Hodson, and Chairman Johnson.
The motion passed 5-0.

- 6. Permanent Adoption of Emergency Regulation 18413.** Staff: Senior Commission Counsel Lawrence T. Woodlock and General Counsel Scott Hallabrin. Staff proposed permanent adoption of Regulation 18413, adopted as an emergency regulation at the Commission's December 2007 meeting. The regulation proposed for permanent adoption clarifies and expands the emergency regulation, furthering the original purpose to modify registration and reporting obligations of certain multi-purpose non-profit corporations, thereby tailoring those rules as required by the United States Court of Appeal for the Ninth Circuit in its recently published opinion in *California Pro-Life Council, Inc. v. Randolph et al.*

Staff was directed to amend subdivision (b)(2) of the regulation at page 1, line 21, to read: “The organization is multipurpose and occasionally makes independent expenditures, using funds donated directly to its general treasury by individuals or business entities, to support or oppose ballot measures in California....”

The Chairman asked if anyone in the audience had comments in support of or opposition to this item. There were none.

Moved by Commissioner Huguenin and seconded by Commissioner Leidigh to adopt the regulation as amended.

AYES: Commissioners Remy, Huguenin, Leidigh, Hodson, and Chairman Johnson.

The motion passed 5-0.

7. Prenotice Discussion of Adoption of Regulation 18946.6: Reporting and Valuation of Gifts: Air Transportation. Staff: Assistant General Counsel John Wallace and General Counsel Scott Hallabrin. The Act places certain restrictions on the receipt of gifts by public officials, including gift limits. In order to implement these requirements, the Commission has adopted a series of rules concerning valuation of gifts. Proposed Regulation 18946.6 provides a valuation method for free air transportation on commercial aircraft and noncommercial aircraft, as defined in the regulation.

Chairman Johnson asked if anyone in the audience had comments in support of or opposition to this item. There were none.

Moved by Commissioner Hodson and seconded by Commissioner Huguenin to approve for publication of notice for adoption at the June meeting as proposed by staff.

AYES: Commissioners Remy, Huguenin, Hodson, and Chairman Johnson.

NOES: Commissioner Leidigh.

The motion passed 4-1.

8. Prenotice Discussion of Amendments to the Regulation 18946.4: Reporting and Valuation of Gifts: Nonprofit and Political Fundraisers. Staff: Commission Counsel William J. Lenkeit and General Counsel Scott Hallabrin. Regulation 18946.4 currently provides, for purposes of the Act’s gift restrictions, free admission to fundraising events for 501(c)(3) organizations and campaign committees regulated by the Act have “no value.” Staff proposed amendments that would, among other things, eliminate the “no value” rule for free admission to 501(c)(3) fundraising events and expand the “no value” rule for campaign committee fundraisers to fundraisers for federal committees and committees regulated by another state.

Chairman Johnson asked if anyone in the audience had comments in support of or opposition to this item. Kathryn Donovan, Chief Counsel of the Assembly Legislative Ethics Committee, commented on her own behalf in regards to Friends of Library.

By unanimous consent of the Commission, this item was put over to a future Commission meeting for the staff to solicit more public comment.

9. Regulatory Proposals for 2008: April Update. Staff: Assistant General Counsel John Wallace. The staff presented a summary of regulatory proposals for the second quarter of 2008, subject to additions and approval by the Commission. As submitted.

10. Legislative Report. Staff: Government Affairs Director Whitney Barazoto.

Commissioner Huguenin thanked Ms. Barazoto for providing the Commissioners with copies the bills that could affect the FPPC. The Commissioners asked questions on various bills, which she answered.

Commissioner Hodson complimented Ms. Barazoto on her representation of the FPPC as a panel member at a Lobbyist Ethics Conference held at CSU, Sacramento.

11. Litigation Report. Staff: General Counsel Scott Hallabrin.

Mr. Hallabrin stated that since posting of the agenda, the federal court had issued a preliminary injunction in the *Migden v. FPPC* case.

12. Executive Director's Report. Staff: Executive Director Michael B. Salerno. As submitted.

13. Chairman's Report. Chairman Ross Johnson.

Chairman Johnson thanked the FPPC staff for their outstanding work and dedication.

The Chairman recessed open session at 11:08 a.m. He advised the Commission would immediately convene in executive session and would reconvene in open session at 12:30 p.m., and, after adjournment of the Commission meeting, the Informational Hearing on Enforcement would immediately follow.

The Commission reconvened in open session at 12:33 p.m. Chairman Johnson advised no reportable action was taken in executive session, and, with no further business coming before the Commission, he adjourned the meeting at 12:34 p.m.

Dated: May 19, 2008

Respectfully submitted,

Beth Manwaring
Commission Assistant

Approved: _____
Ross Johnson
Chairman